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NASA Procedural Requirements

COMPLIANCE IS MANDATORY**NPR 9250.1**Effective Date: September 30,
2008Expiration Date: September
30, 2013[Printable Format \(PDF\)](#)

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 (NASA Only)**Subject: Property, Plant, and Equipment and Operating Materials and Supplies****Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [Chapter6](#) | [Chapter7](#) |
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Chapter 3. Real Property

3.1 Overview

3.1.1 This chapter prescribes accounting policies for real property.

3.2 Roles and Responsibilities

3.2.1 Center Chief Financial Officer shall:

- a. Exercise the responsibilities enunciated in Chapter 1, Section 1.2.4 of this NPR and the policies prescribed in this chapter to ensure that adequate financial controls are in place and financial records and reports accurately reflect the status of real property under the cognizance of the Center. Their responsibilities also include maintaining close liaison with property management and other personnel concerned with real property to provide assurance that values reported are accurate.
- b. Quarterly, conduct a review with the Center Real Property Official to determine the physical completion status of individual facilities projects.
- c. Maintain financial records for each capital facility project in progress.
- d. Maintain the original of the completed NASA Form 1739, Alternative Future Use Questionnaire (AFUQ).
- e. Ensure that all completed capital facility projects are capitalized upon beneficial occupancy, if it meets the capitalization criteria.
- f. Ensure that accounting system data is reconciled to real property records. Reconciliation shall be documented and work papers maintained in a file for review by auditors and submission to Headquarters as part of the Continuous Monitoring Program (CMP).

3.2.2 Project Manager shall:

3.2.2.1 Prior to the beginning of a project:

- a. Inform the Agency Office of the Chief Financial Officer (OCFO) Property Branch of any real property acquisition strategy meetings.
- b. Complete and submit to the Center OCFO Property Branch the AFUQ for to identify the accounting treatment for real property assets acquired under the project.
- c. Create a unique Work Breakdown Structure (WBS) element, or elements, within the project WBS structure, for the capitalized real property identified through the NASA Form 1739, Alternative Future Use Questionnaire (AFUQ) for property acquired/constructed, whether NASA or contractor-held.
- d. Project Managers must request that the applicable asset attribute indicator be set in Metadata Manager (MdM) for

each NASA Property, Plant and Equipment (PP&E) WBS element.

e. Develop, in conjunction with the Center Chief Financial Officer (CFO), Center Deputy Chief Financial Officer (DCFO) and resource management and procurement personnel, the financial management reporting requirements and instructions.

f. Accumulate costs of each capitalized real property in its associated unique WBS element, and reporting category.

3.2.2.2 Once the Project is underway:

a. Review contractor requests for approval to purchase/construct real property to determine if the purchase and/or construction meets the capitalization criteria and notify the Contracting Officer of their concurrence via electronic mail or in writing, specifying the unique WBS element for each item of capitalized real property.

b. Update and submit to the Center OCFO a revised NASA Form 1739, AFUQ whenever the circumstances or information described on the previous NASA Form 1739 change.

c. Create a unique WBS element within the project WBS structure for each real property that meets the capitalization criteria, whether NASA or contractor-acquired, and provide those as separate reporting categories (typically on the NASA Form 533, Monthly Contractor Financial Management Report, in the case of cost contracts) or as separate contract line item numbers (CLINS) (in the case of FFP contracts) to the Contracting Officer for inclusion in existing contracts.

3.2.3 The Office of Procurement shall:

a. After the contract award, review for approval all contractor requests to purchase and/or fabricate PP&E which the Government will have title to in accordance with NFS 1845.103-70, and forward approved requests with an expected acquisition cost equal to or greater than \$100,000 to the Center Deputy Chief Financial Officer (DCFO) (NFS 1845.103-70).

b. After the contract award, for contracts requiring financial management and cost reporting, ensure that contractors report approved PP&E purchases and/or fabrications that have been determined to meet the capitalization criteria as separate line items (as initially established in the contract). This will support the capture of work in progress costs necessary for Agency Financial Reporting. The cost to the government for capital assets acquired through firm fixed price contracts will be obtained from the invoice, and/or progress payments, or other interim payment information (NFS Subpart 1842.72 and NPD 9501.2D, "NASA Contractor Financial Management Reporting").

c. In consultation with the Real Property Accountable Officer, furnish information to identify costs applicable to construction work in progress.

3.2.4 The Center Real Property Accountable Officer shall:

a. In consultation with the Center Facility Utilization Officer or Facility Utilization Board, notify the Center CFO/Center DCFO for Finance (DCFO)(F) when real property for which the Center is accountable (including contractor-held real property) is no longer being used for NASA purposes.

b. Maintain detailed documentation/record of real property in accordance with NPR 8800.15.

c. Assist the Center CFO/DCFO(F) as requested, with the reconciliation of real property reports to the accounting system.

3.3 Classification and Identification

3.3.1 Individual items of real property shall be categorized into one of the following classes of real property:

- a. Land and land rights.
- b. Improvements to land
- c. Buildings, improvements, and Renovations.
- d. Other structures and facilities.
- e. Leasehold Improvements.

3.3.2 As part of NASA's efforts to appropriately account for its assets and its expenses, NASA requires that the Capital Asset Identification Questionnaire, NASA Form 1739, be completed for all NASA infrastructure and institutional projects. The purpose of this form is to determine the appropriate accounting treatment for each individual asset acquired during the course of an infrastructure and institutional project. If an individual asset meets these criteria, then it must be capitalized, and a unique WBS element, or elements, within the project WBS structure must be established for that unique item.

3.3.3 Construction in Progress.

3.3.3.1 Procedures should be established to ensure that a collective decision is made by the Center real property and financial management offices, at the outset of work, as to the nature of the work and its proper accounting treatment, i.e., items to be capitalized are assigned a unique Work Breakdown Structure, costs of repairs and maintenance are expensed and not included in work in progress (WIP), capital costs are accumulated in work in progress until the asset is completed and that AFUQ is prepared. This analysis should extend to individual tasks where necessary, since some work under a particular contract or work order may be of a capital nature and other work may not.

3.3.3.2 Procedures shall ensure that the costs of facilities projects are capitalized in accordance with Chapter 2 of this NPR and the related amounts removed from work in progress. A review of the physical completion status of individual facilities projects shall be conducted with Center real property officials sufficiently in advance of the end of each quarter of the fiscal year, so that necessary entries can be made to properly reflect their current status.

3.3.4 Center CFO/Center DCFO(F)s are responsible for identifying costs to be capitalized and maintaining financial records for each capital facility project in progress. These records are the source for entries to the general ledger work in progress accounts.

3.3.5 Costs will be recorded in accordance with NASA Procedural Requirements 9060.1, Cost Accruals. Facility projects meeting the requirements for work in progress should be separately identified in the accounting system through job orders, contract numbers or a work order system.

3.3.6 The Contracting Officer or his/or her Technical Representative, in consultation with the Real Property Accountable Officer, is responsible for furnishing information to identify costs applicable to construction work in progress.

3.4 Capitalization Criteria

3.4.1 NASA will capitalize individual items of real property which:

- a. Have a unit acquisition cost of \$100,000 or more;
- b. Have an estimated useful life of two years or more, and;
- c. Have been acquired or constructed with the intention of being used, or being available for use by the Agency.

3.4.2 Collateral Equipment.

3.4.2.1 Collateral equipment includes building-type equipment, built-in equipment, and large substantially affixed equipment, normally installed as a part of a facility project, whether it is original facility construction or modification. Such a project is considered a single event (see Chapter 2, Section 2.3.3 of this NPR).

3.4.2.2 Collateral equipment is not severable and is considered part of the facility project through which it is installed. The cost of collateral equipment which is part of such a project, therefore, shall be included in the value of the project in making the determination as to whether the project meets the capitalization criteria. If it is a capital project, the value of the collateral equipment will be included in the capitalized value. The cost of replacements of the collateral equipment or collateral equipment added to an existing facility will be treated as either a capital improvement or maintenance, depending on the circumstances (see Chapter 2, Sections 2.3.4 and 2.3.5 of this NPR).

3.4.2.3 Non-collateral equipment, when acquired and used in a facility or test apparatus, can be severed and removed after construction without substantial loss of value or damage to the equipment or the premises where it is installed. Each such item shall be considered separately in relation to the capitalization criteria.

3.4.3 Modifications. All modifications that meet the capitalization threshold for real property and (1) extend the useful life of the existing real property, or (2) enlarge, improve, or enhance its capacity will be capitalized and depreciated as follows:

3.4.3.1 Real Property Not Fully Depreciated. Modifications to Real Property that is not fully depreciated will be added to the capitalization value of the existing real property and will be depreciated over the remaining useful life of the original asset.

3.4.3.2 Real Property Fully Depreciated. Modifications to Real Property that is fully depreciated will be capitalized individually and depreciated over

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